Annual Report

of the

Commodity Credit Corporation

(Condensed Version)

Fiscal Year 1999

PREFACE

NOTE: This annual report shows the results of CCC's operations for fiscal year 1999.

We believe this report will provide Congress and the public the assurance that the Commodity Credit Corporation's (CCC) financial policy, operations, and reports comply with the hierarchy of accounting principles and standards established for the Federal Government; and that CCC has effectively met its mission to stabilize, support, and protect farm prices and income, and to maintain balanced supplies and the orderly distribution of agricultural commodities.

CCC worked closely with the Office of Inspector General (OIG) for the United States Department of Agriculture (USDA) in the development of the Corporation's Annual Report for Fiscal Year 1999.

The Overview of CCC contains the purpose, authority, mission and goals of the corporation, financial and program summaries and performance measures. Supplemental schedules provide details and graphic representation of CCC's activity. This information is followed by the OIG opinion letter, financial statements and accompanying notes.

ANNUAL REPORT OF THE

COMMODITY CREDIT CORPORATION

(Condensed Version)

FISCAL YEAR 1999

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REPORT OF THE OFFICE OF INSPECTOR GENERAL

TO: Board of Directors
Commodity Credit Corporation

We have audited the accompanying Balance Sheet of the CCC as of September 30, 1999, and the related Consolidating Statements of Net Costs and Changes in Net Position, and the Combining Statements of Financing and Budgetary Resources for the FY then ended. These financial statements are the responsibility of CCC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed below, we conducted our audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Bulletin 98-08, "Audit Requirements for Federal Financial Statements," and subsequent issuances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Corporation was not able to provide sufficient and competent evidential matter, within the timeframes provided by the Department, to substantiate the Corporation's financial statements and footnote disclosures related to direct credits, credit guarantees, and subsidy costs and their impact on "Fund Balance with the U.S. Treasury (Treasury)"; Credit Reform Receivables, Net"; "Resources Payable to Treasury"; "Estimated Loss on Credit Guarantees"; and, "Unexpended Appropriations" on the balance sheet, at September 30, 1999, as well as the related financial statement line items relative to direct credits, credit guarantees, and subsidy costs in the Foreign Programs section of the Consolidating Statement of Net Cost.

Further, we were unable to obtain sufficient and competent evidential matter regarding CCC's foreign credit programs to support the Corporation's Statement of Changes in Net Position and Combining Statements of Budgetary Resources and Financing. These statements are impacted by the lack of support for the direct credits, credit guarantees and related subsidy costs described above. Accordingly, we determined that it was not practicable to perform further alternate procedures to satisfy ourselves as to (1) the value of any of the financial statement line items on the Statement of Changes in Net Position, (2) the value of any of the financial statement line items on the Combining Statements of Budgetary Resources and Financing, and (3) the value of the assets, liabilities, equity, and costs as they relate to direct credits, credit guarantees and subsidy costs.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to assess the reasonableness of the Statement of Changes in Net Position, Combining Statements of Budgetary Resources and Financing, and all financial statement line items and footnotes impacted by direct credits, credit guarantees and credit reform program subsidy, the financial statements referred to above, including the accompanying notes, present fairly, in all material respects, in conformity with generally accepted accounting principles, the assets, liabilities, and net position of the Corporation as of September 30, 1999; as well as its net costs for the fiscal year then ended.

Our audit was conducted for the purpose of forming an opinion on CCC's financial statements taken as a whole. The information in the Overview and Required Supplementary Information sections represents supplementary information required by OMB Bulletin No. 97-01, "Form and Content of Agency Financial Statements." We have considered whether this information is materially inconsistent with the principal financial statements. Such information has not been subjected to auditing procedures, and accordingly, we express no opinion on it.

As discussed in Notes 5 and 6, CCC provides direct credits and credit guarantees to foreign countries receiving exported agricultural commodities. The allowance for losses associated with these credits and guarantees is considered adequate by management to provide for estimated losses and is based on CCC's evaluation of the portfolios taking into consideration a variety of factors including, repayment status, assessment of future risks, and worldwide economic and political conditions. Future economic and political conditions could affect the ultimate collection of these credits and credit guarantees.

We have also issued a report on CCC's internal control structure which cites four material weaknesses and a report on CCC's compliance with laws and regulations that includes three instances of noncompliance.

ROGER C. VIADERO
Inspector General
April 14, 2000

Exhibit A

Commodity Credit Corporation
Balance Sheet

As of September 30, 1999
(Dollars in Millions)

Entity Assets:	
Federal Assets:	
Fund Balance with Treasury (Note 2)	$ 2,591
Accounts Receivable (Note 3)	145
Advances	4
Total Federal Assets	2,740
Accounts Receivable, Net (Note 3)	39
Domestic Loans, Net (Note 4)	2,432
Credit Program Receivables, Net (Note 5)	7,550
Other Foreign Receivables, Net (Note 6)	371
Advances	12
Cash (Note 7)	78
Commodity Inventories, Net (Note 8)	356
Property and Equipment, Net (Note 9)	42
Total Assets	$ 13,620

Exhibit A

Commodity Credit Corporation
Balance Sheet, *Continued*

As of September 30, 1999
(Dollars in Millions)

Federal Liabilities:	
Accounts Payable	$ 1,005
Resources Payable to Treasury (Note 10)	6,089
U.S. Treasury Borrowings (Note 11)	30,324
Accrued Program Liabilities (Note 12)	9
Deposit and Trust Liabilities (Note 13)	434
Excess Subsidy Payable (Note 14)	894
Total Federal Liabilities	38,755
Accounts Payable	23
Accrued Program Liabilities (Note 12)	5,290
Estimated Loss on Credit Guarantees (Note 5)	2,304
Deposit and Trust Liabilities (Note 13)	547
Other Liabilities (Note 15)	11
Total Liabilities	$ 46,930
Contingencies and Commitments (Note 16)	
Net Position	
Unexpended Appropriations (Note 17)	$ 2,255
Capital Stock	100
Cumulative Results of Operations	(35,665)
Total Net Position	(33,310)
Total Liabilities and Net Position	$ 13,620

Exhibit B

Commodity Credit Corporation
Statement of Changes in Net Position

As of September 30, 1999
(Dollars in Millions)

	Commodity Operations	Income Support Programs	Conservation Reserve Program	Foreign Programs	Other	Reimbursement for Prior Year Losses	Intra-Agency Eliminations	Consolidated Total
Net Cost of Operations	$ (1,331)	$ (17,701)	$ (1,526)	$ (536)	$ (3,260)	$	$	$ (24,354)
Financing Sources:								
Appropriations Used			52	1,571	767	8,400		10,790
Other Nonexchange Revenue		62						62
Imputed Financing	12	189	33	2	34			270
Transfers In					18			18
Transfers Out				(682)	(1,319)			(2,001)
Net Results of Operations	(1,319)	(17,450)	(1,441)	355	(3,760)	8,400	0	(15,215)
Net Results Not Affecting Net Position				(775)				(775)
Prior Period Adjustments (Note 19)				(1,418)	57			(1,361)
Net Change in Cumulative Results of Operations	(1,319)	(17,450)	(1,441)	(1,838)	(3,703)	8,400	0	(17,351)
Increase (Decrease) in Unexpended Appropriations			(52)	842	(67)			723
Change in Net Position	(1,319)	(17,450)	(1,493)	(996)	(3,770)	8,400	0	(16,628)
Net Position - Beginning of Fiscal Year	(279)	(7,172)	(1,649)	1,095	(50)	(8,627)		(16,682)
Net Position - End of Fiscal Year	$ (1,598)	$ (24,622)	$ (3,142)	$ 99	$ (3,820)	$ (227)	$ 0	$ (33,310)

Exhibit C

Commodity Credit Corporation
Consolidating Statement of Net Costs

As of September 30, 1999
(Dollars in Millions)

	Commodity Operations	Income Support Programs	Conservation Reserve Program	Foreign Programs	Other	Combined Total	Intra-Agency Eliminations	Consolidated Total
Net Program Costs:								
Intragovernmental Costs	$ 679	$ 729	$ 135	$ 243	$ 214	$ 2,000	$ (620)	$ 1,380
Public:								
Grants and Payments								
Grants and Payments		15,505	1,332	1,223	2,667	20,727		20,727
Credit Program Subsidy				(143)		(143)		(143)
Commodity Program Costs	1,198	30				1,228		1,228
Other Program Costs	193	1,481	59	(210)	229	1,752		1,752
Total Program Production Costs	2,070	17,745	1,526	1,113	3,110	25,564	(620)	24,944
Less Earned Revenue (Note 20)	(739)	(44)		(577)	(6)	(1,366)	620	(746)
Excess Costs over Revenues	1,331	17,701	1,526	536	3,104	24,198	0	24,198
Nonproduction and Nonrecurring Items:								
Acquisition Cost of Stewardship Land					156	156		156
(Gain)/Loss on Disposition of Assets								
Net Cost of Operations	$ 1,331	$ 17,701	$ 1,526	$ 536	$ 3,260	$ 24,354	$ 0	$ 24,354

Exhibit D

Commodity Credit Corporation
Combining Statement of Budgetary Resources (Note 21)

As of September 30, 1999
(Dollars in Millions)

	Revolving Fund	P.L. 480 Programs	Export Credit Guarantees	FSA Programs	Other	Combined Total
Budgetary Resources:						
Budget Authority	$ 34,188	$ 2,005	$ 326	$ 621	$ 12	$ 37,152
Unobligated Balances - Beginning of Fiscal Year	43	777	1,995	121	54	2,990
Spending Authority from Offsetting Collections	11,054	884	469		1	12,408
Adjustments	(10,363)	(910)	(451)	3	7	(11,714)
Total Budgetary Resources	$ 34,922	$ 2,756	$ 2,339	$ 745	$ 74	$ 40,836
Status of Budgetary Resources:						
Obligations Incurred	$ 34,388	$ 1,684	$ 474	$ 655	$ 26	$ 37,227
Unobligated Balances - Available	534	893	1,808	78	8	3,321
Unobligated Balances - Not Available		179	57	12	40	288
Total Status of Budgetary Resources	$ 34,922	$ 2,756	$ 2,339	$ 745	$ 74	$ 40,836
Outlays:						
Obligations Incurred	$ 34,388	$ 1,684	$ 474	$ 655	$ 26	$ 37,227
Less: Spending Authority from Offsetting Collections and Adjustments	(11,054)	(945)	(469)	(3)	(8)	(12,479)
Obligated Balance, Net - Beginning of Fiscal Year	1,462	842	(4)	58	140	2,498
Less: Obligated Balance, Net - End of Fiscal Year	(5,936)	(720)		(45)	(73)	(6,774)
Total Outlays	$ 18,860	$ 861	$ 1	$ 665	$ 85	$ 20,472

Exhibit E

Commodity Credit Corporation
Combining Statement of Financing

As of September 30, 1999
(Dollars in Millions)

	Revolving Fund	P.L. 480 Programs	Export Credit Guarantees	FSA Programs	Other	Combined Total
Resources Used to Finance Operations:						
Budgetary:						
Budgetary Resources Obligated for Items to be Received or Provided to Others	$ 34,388	$ 1,684	$ 474	$ 655	$ 26	$ 37,227
Less: Offsetting Collections, Recoveries of Prior-Year Authority, and Changes in Unfilled Customer Orders	(11,054)	(945)	(469)	(3)	(8)	(12,479)
Net Budgetary Resources Used to Finance Operations	23,334	739	5	652	18	24,748
Non-budgetary:						
Cost Incurred by Others Without Reimbursement	268	2				270
Other Non-budgetary Resources (Note 22)	62					62
Net Non-budgetary Resources Used to Finance Operations	330	2	0	0	0	332
Total Resources Used to Finance Operations	23,664	741	5	652	18	25,080
Resources Used to Fund Items Not Part of the Net Cost of Operations:						
Increase or (Decrease) in Budgetary Resources Obligated to Order Goods or Services Not Yet Received or Benefits Not Yet Provided	(497)	258	(9)	8	61	(179)
Budgetary Offsetting Collections Not Increasing Earned Revenue or Decreasing Expense	6,871	594	204			7,669
Less: Adjustments Made to Compute Net Budgetary Resources Not Affecting Net Cost of Operations	322			1	7	330
Resources Funding Expenses Recognized in Prior Periods	(1,579)					(1,579)
Resources Financing the Acquisition of Assets or Liquidation of Liabilities	(9,751)	(401)	(244)	(27)	1	(10,422)
Total Resources Used to Fund Items Not Part of the Net Cost of Operations	(4,634)	451	(49)	(18)	69	(4,181)
Resources Used to Finance Net Cost of Operations	19,030	1,192	(44)	634	87	20,899

Continued on next page

Exhibit E (Continued)

Commodity Credit Corporation
Combining Statement of Financing, Continued

As of September 30, 1999
(Dollars in Millions)

	Revolving Fund	P.L. 480 Programs	Export Credit Guarantees	FSA Programs	Other	Combined Total
Components of Net Cost of Operations Not Requiring or Generating Resources During the Reporting Period:						
Expenses or Earned Revenue Related to the Disposition of Assets or Liabilities, or Allocation of Their Cost Over Time	2,689	(939)	380		1	2,131
Expenses Which Will Be Financed With Budgetary Resources Recognized in Future Periods	1,477	300	229			2,006
Other Net Cost Components Not Requiring or Generating Resources During the Reporting Period (Note 22)		(119)	(563)			(682)
Total Components of Net Cost of Operations Not Requiring or Generating Resources During the Reporting Period	4,166	(758)	46	0	1	3,455
Net Cost of Operations	$ 23,196	$ 434	$ 2	$ 634	$ 88	$ 24,354

Schedule A

Commodity Credit Corporation
Supporting Schedule to the Statement of Net Costs

As of September 30, 1999
(Dollars in Millions)

	Commodity Operations	Farm Income Support Program	Production Flexibility Contracts	Conservation Reserve Program	P.L. 480 Programs	Export Credit Guarantees	Other Foreign Programs	Emergency Assistance Programs	Other Conservation Programs	Unallocated Expenses	Combined Total
Net Program Costs:											
Intragovernmental Costs	$ 679	$ 438	$ 291	$ 135	$ 112	$ 128	$ 4	$ 85	$ 100	$ 30	$ 2,002
Public:											
Grants and Payments											
Grants and Payments		10,032	5,473	1,332	1,098		125	2,494	172		20,726
Credit Program Subsidy					209	(352)					(143)
Commodity Program Costs	1,197	30									1,227
Other Program Costs	194	1,301	180	59	(701)	490	1	21	40	167	1,752
Total Program Production Costs	2,070	11,801	5,944	1,526	718	266	130	2,600	312	197	25,564
Less Earned Revenue	(739)	(44)			(284)	(264)	(30)			(5)	(1,366)
Excess Costs over Revenues	1,331	11,757	5,944	1,526	434	2	100	2,600	312	192	24,198
Nonproduction and Nonrecurring Items:											
Acquisition Cost of Stewardship Land									156		156
(Gain)/Loss on Disposition of Assets											
Net Cost of Operations	$ 1,331	$ 11,757	$ 5,944	$ 1,526	$ 434	$ 2	$ 100	$ 2,600	$ 468	$ 192	$ 24,354

Note 1 - Significant Accounting Policies

These financial statements have been prepared to report the financial position and results of operations of the Commodity Credit Corporation (CCC). CCC's financial statements are presented in accordance with the Office of Management and Budget (OMB) Bulletin 97-01 (as amended), Form and Content of Agency Financial Statements.

Reporting Entity

CCC is a Federal corporation operating within and through the United States Department of Agriculture (USDA). CCC's statutory authority for its operations is found in the CCC Charter Act, 15 U.S.C. 714, et seq. It is managed by a Board of Directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairperson of the Board. The members of the Board and the Corporation's Officers are officials of USDA.

CCC's primary responsibilities are to: (a) stabilize, support, and protect farm income and prices; (b) assist in the maintenance of balanced and adequate supplies of agricultural commodities; and (c) facilitate the orderly distribution of those commodities.

CCC has no employees. CCC's programs are administered through various agencies including the Farm Service Agency (FSA), the Agricultural Marketing Service (AMS), the Natural Resources Conservation Service (NRCS), the Foreign Agricultural Service (FAS), and the U.S. Agency for International Development. The accompanying financial statements include an allocation, as appropriate, of salaries and expenses incurred by these agencies.

Basis of Accounting

The accounting principles and standards applied in preparing the financial statements and described in this note are in accordance with the following hierarchy of accounting principles:

(1) individual standards agreed to by the Director of OMB, the Controller General, and the Secretary of the Treasury and published by OMB and the General Accounting Office;
(2) interpretations related to the Statements of Federal Financial Accounting Standards (SFFAS) issued by OMB in accordance with the procedures outlined in OMB Circular A-134, "Financial Accounting Principles and Standards";
(3) requirements contained in OMB's Form and Content Bulletin 97-01 (as amended); and
(4) accounting principles published by other authoritative standard setting bodies and other authoritative sources: (a) in the absence of other guidance not provided for above; and (b) if the use of such accounting standards improves the meaningfulness of the financial statements (e.g., Generally Accepted Accounting Principles).

Transactions are recorded on an accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. All interfund balances and transactions have been eliminated.

Revenues and Other Financing Sources

CCC operations are financed through appropriated and revolving funds, as well as an authority to borrow from the U.S. Treasury. Capital stock in the amount of $100 million, on which the Corporation pays interest, is held by Treasury. CCC receives direct appropriations for its foreign assistance programs and special activities, such as disaster aid. Permanent indefinite appropriation authority exists for the foreign assistance programs to cover additional subsidy costs associated with direct credits and credit guarantees. Receipts flowing through CCC's revolving fund include proceeds from the sale of CCC commodities, loan repayments, interest income, and various program fees.

Fund Balance with Treasury

Most CCC disbursements are made by either checks or electronic payments drawn against its account at Treasury. Generally, disbursements and receipts for which CCC is responsible are processed by the Federal Reserve Banks (FRB), their branches, and the U.S. Treasury, which report activity to the Corporation.

Commodity Loans

CCC makes both recourse and nonrecourse loans to producers on designated agricultural commodities. In the case of nonrecourse loans, producers have the option to: (a) repay the principal plus interest; (b) for certain announced commodities, repay principal at the market rate (and no interest); or (c) at maturity, forfeit the commodity in satisfaction of the loan. These loans are not subject to accounting and reporting requirements of the Federal Credit Reform Act of 1990 (Credit Reform).

Interest is accrued on the unpaid principal balance of domestic commodity loans, and a related allowance is established.

Commodity loans are reported net of an allowance for doubtful accounts, which reduces the loans to net realizable value. The allowances are based on the estimated loss on ultimate commodity disposition, when it is more likely than not that the loans will not be totally collected. The allowance also takes into account losses anticipated on the disposition of inventory acquired through loan forfeiture. When forfeited commodities are subsequently disposed of, any loss on the disposition is realized as either a cost of sales or donation, depending on the type of disposition.

Tobacco loans are subject to the No-Net-Cost Tobacco Program Act of 1982, as amended, which requires tobacco producers to pay CCC a No-Net-Cost Assessment (NNCA) on each pound of tobacco they sell. Additionally, importers and purchasers of flue cured and burley tobacco are required to pay a NNCA on each pound of tobacco imported or purchased. These funds earn interest and are applied against future loan losses of the respective tobacco cooperative.

In addition, the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) provides for special assessments from producers and handlers to cover any losses on peanut loans.

Credit Program Receivables

Credit program receivables consist of direct credits extended under P.L. 83-480 (P.L. 480) programs, the Food for Progress Program, and the Enterprise for the Americas Initiative, as well as guaranteed payments made under the Export Credit Guarantee programs. These receivables are subject to Credit Reform requirements.

These receivables, both pre- and post-Credit Reform, are recognized as assets at the present value of their estimated net cash inflows. The difference between the outstanding principal of these credit receivables and the present value of their net cash inflows is recognized as an allowance.

Capitalized Interest on Rescheduled Credits

Rescheduling agreements frequently allow CCC to add uncollected interest to the principal balance of foreign credit receivables (capitalized interest). In such circumstances, CCC records an allowance to reduce the receivable, including the capitalized interest, to the net present value of future cash flows. Interest income is recognized only when, in management's judgment, debtors have demonstrated the ability to repay the debt in the normal course of business.

Commodity Inventories

Inventories are recorded at acquisition cost plus processing and packaging costs incurred after acquisition. Acquisition cost is the amount of the loan settlement, excluding interest, or the amount of the purchase settlement price. Since loan rates are established by statute, inventory acquisitions are usually at a cost higher than market value.

Generally, disposition costs are based on the average cost of the commodity in inventory at the end of the previous month. However, in other cases, the cost is computed on the basis of actual (historical) cost of the commodity. This is prevalent with the following: (a) dispositions from peanut price support inventory; (b) simultaneous acquisition and disposition for commodity export programs; and (c) dispositions of commodities previously pledged as price support loan collateral which are acquired by CCC during the exchange of commodity certificates.

Commodity inventories held under price support and stabilization programs are reported at lower of cost or net realizable value through use of a commodity valuation allowance. This allowance is based on the estimated loss on commodity disposition, including donations (for which a 100 percent allowance is established).

Property and Equipment

Property and equipment acquired are recorded at the acquisition cost plus any expenditures, such as freight, installation or testing, related to placing the asset into service. Purchases of personal property valued at $5,000 or more, with a useful life greater than 2 years, are capitalized. All other purchases of property or equipment are fully expensed in the year of acquisition. Major equipment purchases which are used directly in the operation of programs are depreciated to an estimated salvage value on a straight-line basis over a 5 to 10 year period.

Liabilities

CCC recognizes a liability in one of two ways, depending on the type of transaction. If an exchange transaction occurs (i.e., when CCC receives goods or services in return for a promise to provide money or other resources in the future), a liability is recognized in the period in which the exchange occurred. If a nonexchange transaction occurs (i.e., government programs where there is a one-way flow of resources or promises), a liability is recognized for any unpaid amounts due as of the reporting date.

Interest Income on Direct Credits and Credit Guarantees

Interest income is accrued on both performing and non-performing credits and credit guarantee receivables as it is earned. A non-performing direct credit or credit guarantee receivable is defined as a repayment schedule under a credit agreement, with an installment payment in arrears more than 90 days. For those receivables associated with direct credits and credit guarantees which are non-performing, interest is not recognized as income, rather it is deferred until the interest is received or the receivable is returned to performing status.

Estimated Loss on Credit Guarantees

The estimated loss on credit guarantees represents the estimated net cash outflows (loss) for the guarantees on a net present value basis. To this effect, CCC records a liability and charges an expense to the extent, in management's estimate, CCC will be unable to recover claim payments under the Export Credit Guarantee programs. This liability mostly represents post-Credit Reform activity, with a minimal amount remaining for the pre-Credit Reform portion of these programs.

Conservation Programs

As a result of the 1996 Act, CCC has assumed responsibility for funding certain conservation programs which are administered by various agencies. For example, the Conservation Reserve Program (CRP) is carried out by FSA and the Wetlands Reserve Program (WRP), Wildlife Habitat Incentives Program (WHIP), Farmland Protection Program (FPP), and Environmental Quality Incentives Program (EQIP) are administered by NRCS. In order to ensure completeness of reporting for these programs, FSA and NRCS residual activity funded by appropriations prior to the 1996 Act are presented in these statements.

Changes in Accounting Policy

In order to comply with Department of Treasury accounting and reporting requirements, beginning fiscal year 1999, CCC's financial statements include the financial statements of its allocation transfers from FSA. Heretofore, CCC accounted for these funds as strictly deposit and trust liabilities.

Due to the implementation of SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, the Corporation no longer recognizes a receivable from appropriations for Credit Reform subsidy re-estimates.

CCC records an imputed cost and related financing source for those salary and other expenses incurred by FSA on behalf of the Corporation. Effective this year, and in compliance with Federal accounting standards, CCC no longer recognizes a liability for its portion of unfunded annual leave and Federal Employees Compensation Act (FECA) expenses, as these are paid by FSA and do not represent a liability of CCC.

Note 2 - Fund Balance with Treasury

Fund balances with Treasury, by type of fund, as of September 30, 1999, are as follows:

(In Millions)

	Appropriated Funds	Revolving Funds	Total
Obligated	$ 1,142	$ (1,708)	$ (566)
Unobligated:			
Available	1,159	1,710	2,869
Restricted	101	187	288
Total Fund Balance with Treasury	$ 2,402	$ 189	$ 2,591

CCC is authorized to use in the conduct of its business all funds appropriated, transferred, or allocated to it. The negative revolving fund amount is a result of using these funds, which are offset by other funds available to the Corporation, to repay its borrowings from Treasury.

Differences exist between CCC's records and cash, and what was reported by Treasury and in the President's Budget. These differences are primarily due to variations in the timing of document processing, resulting in a Treasury balance $83 million higher than that recorded in CCC's books at September 30, 1999.

Note 3 - Accounts Receivable

Accounts receivable as of September 30, 1999, are as follows:

(In Millions)

	1999
Federal:	
Treasury and Other Federal Agencies	$ 145
Non-Federal:	
Claims Originating in State Offices	$ 78
Interest Receivable	42
Producer Overpayments on CCC Programs	43
Other	23
Subtotal	186
Less Offset in Deferred Receivables	(39)
Subtotal	147
Less Allowance for Doubtful Accounts	(108)
Total Non-Federal Accounts Receivable, Net	$ 39

Non-Federal receivables are adjusted by a valuation allowance, based on historical collection and write-off information, which reduces the receivables to their net realizable value.

The change in the allowance for doubtful accounts for the fiscal year ended September 30, 1999, is as follows:

	(In Millions) 1999
Allowance - Beginning of Fiscal Year	$ 107
Less Charge-offs	(19)
Plus Provision for Doubtful Accounts	20
Allowance - End of Fiscal Year	$ 108

Note 4 - Domestic Loans, Net

CCC's domestic loan programs are exempt from the provisions of Credit Reform. Domestic loans receivable, by commodity, as of September 30, 1999, are as follows:

Commodity	(Millions) 1999
Tobacco	$ 1,238
Wheat	278
Corn	342
Soybeans	131
Rice	230
Cotton	150
Other Feed Grains	26
Other	45
Total Domestic Loans	2,440
Accrued Interest Receivable	190
Less Allowance for Losses	(198)
Total Domestic Loans, Net	$ 2,432

Note 5 - Credit Program Receivables, Net

Credit program receivables consist of direct credits under P.L. 480 and claims against defaulting obligors whose obligations benefitted from credit guarantees (non-rescheduled and rescheduled claims) under the Export Credit Guarantee programs, as well as the associated interest. Credit program receivables as of September 30, 1999, are as follows:

(In Millions)

	Credit Receivable, Gross	Interest Receivable, Gross	Allowance for Uncollectible Accounts	Credit Program Receivable, Net
P.L. 480 Programs	$ 11,191	$ 120	$ (6,642)	$ 4,669
Export Credit Guarantee Programs	6,891	48	(4,058)	2,881
Total Credit Program Receivables	$ 18,082	$ 168	$ (10,700)	$ 7,550

P.L. 480 direct credits outstanding that were obligated prior to fiscal year 1992 and related interest receivable as of September 30, 1999, are as follows:

(In Millions)

	Credit Receivable, Gross	Interest Receivable, Gross	Allowance for Uncollectible Accounts	Credit Program Receivable, Net
P.L. 480 Programs	$ 8,810	$ 87	$ (4,756)	$ 4,141

P.L. 480 direct credits that were obligated after fiscal year 1991 and related interest receivable outstanding as of September 30, 1999, are as follows:

(In Millions)

	Credit Receivable, Gross	Interest Receivable, Gross	Allowance for Uncollectible Accounts	Credit Program Receivable, Net
P.L. 480 Programs	$ 2,381	$ 33	$ (1,886)	$ 528

Defaults on credit guarantees made prior to fiscal year 1992 and related interest receivable as of September 30, 1999, are as follows:

(In Millions)

	Credit Receivable, Gross	Interest Receivable, Gross	Allowance for Uncollectible Accounts	Credit Program Receivable, Net
Export Credit Guarantee Programs	$ 5,349	$ 34	$ (3,529)	$ 1,854

Defaults on credit guarantees made after fiscal year 1991 and related interest receivable as of September 30, 1999, are as follows:

(In Millions)

	Credit Receivable, Gross	Interest Receivable, Gross	Allowance for Uncollectible Accounts	Credit Program Receivable, Net
Export Credit Guarantee Programs	$ 1,542	$ 14	$ (529)	$ 1,027

The change in the allowance for uncollectible accounts for the fiscal year ended September 30, 1999, is as follows:

(In Millions)

	1999
Allowance - Beginning of Fiscal Year	$ 11,223
Less Change in Deferred Liability for Prepaid Amounts Received	(56)
Plus Provision for Doubtful Accounts	(467)
Allowance - End of Fiscal Year	$ 10,700

As of September 30, 1999, credit guarantees outstanding are as follows:

(In Millions)

	Outstanding Principal, Face Value	Outstanding Interest, Face Value	Outstanding Principal Guaranteed *	Outstanding Interest Guaranteed *
Export Credit Guarantee Programs	$ 4,800	$ 318	$ 4,696	$ 160

* Represents a contingent liability for amounts owed by foreign banks to exporters or assignee U.S. financial institutions participating in the program.

The liability for credit guarantees as of September 30, 1999, is as follows:

(In Millions)

	Liability for Losses on Pre-1992 Guarantees	Liabilities for Post-1991 Loan Guarantees	Total Liabilities for Credit Guarantees
Export Credit Guarantee Programs	$ *	$ 2,304	$ 2,304

* Less than $500 thousand

Subsidy expense for the P.L. 480 programs for the fiscal year 1999 is $573 million.

For the fiscal year ended September 30, 1999, subsidy expense for current year disbursements of post-1991 direct credits is as follows:

	(In Millions)		
	Interest Differential *	Defaults	Total
P.L. 480 Programs	$ 90	$ 238	$ 328

* Represents the difference between the interest rate charged to borrowers and the interest rate paid on CCC's Treasury borrowings.

For the fiscal year ended September 30, 1999, subsidy re-estimates* on direct credits are as follows:

	(In Millions)
	1999
P.L. 480 Programs	$ 245

* Includes re-estimates calculated for financial statement purposes for cumulative disbursements for all cohorts. Technical re-estimates for budget purposes are calculated separately.

Subsidy expense for credit guarantees for the fiscal year 1999 is $288 million.

Subsidy expense for current year disbursements of credit guarantees made after fiscal year 1991 for fiscal year ended September 30, 1999, is as follows:

	(In Millions)		
	Defaults	Fees	Total
Export Credit Guarantee Programs	$ 227	$ (16)	$ 211

For the fiscal year ended September 30, 1999, subsidy re-estimates on credit guarantees are $77 million. This amount includes re-estimates calculated for financial statement purposes for cumulative disbursements for all cohorts. Technical re-estimates for budget purposes are calculated separately.

The principal balance of CCC direct credit and credit guarantee receivables in a non-performing status at September 30, 1999, totaled $7,850 million. If interest had been reported on these non-performing receivables, instead of reported only to the extent of the collections received, direct credit and credit guarantee interest income would have increased by $228 million to a total of $761 million in fiscal year 1999. During the entire delinquency, if interest had been reported on these non-performing receivables, instead of reported only to the extent of the collections received, interest income would have increased by $622 million.

Direct credit and credit guarantee receivables under rescheduling agreements as of September 30, 1999, were $7,625 million. Foreign credit rescheduling results through negotiations conducted through the Paris Club.

Note 6 - Other Foreign Receivables, Net

Other foreign receivables, consisting of principal and interest, as of September 30, 1999, are as follows:

	(In Millions) 1999
Export Credit Sales Program	$ 61
Office of General Sales Manager Program	42
Consolidated Rescheduled	315
Subtotal	418
Less Allowance for Doubtful Accounts	(47)
Total Other Foreign Receivables, Net	$ 371

Note 7 - Cash

Cash consists of collections in transit. As of September 30, 1999, cash totaled $78 million.

Note 8 - Commodity Inventories, Net

CCC's inventory as of September 30, 1999, is as follows:

	(In Millions) 1999
Commodity Inventories - Beginning of Fiscal Year	$ 531
Acquisitions	996
Cost of Sales	(135)
Donations	(691)
Other Dispositions, Additions and Deductions	13
Commodity Inventories - End of Fiscal Year	714
Less Allowance for Losses	(358)
Commodity Inventories, Net	$ 356

Commodity loan forfeitures during the fiscal year ended September 30, 1999, were $204 million. Estimated future commodity donations and loan forfeitures are expected to be $246 million and $5 million, respectively. An analysis of the change in inventory by commodity for the fiscal year ended September 30, 1999, is presented in Schedule B.

Restrictions on Commodity Inventory

In accordance with the Agricultural Act of 1970, as amended, CCC may establish, maintain, and dispose of a separate reserve of inventories for the purpose of alleviating distress caused by a natural disaster. These inventories may consist of feed grains, soybeans, and wheat. The reserve has been depleted. By statute, the amount held in reserve cannot exceed 20 million bushels.

CCC maintains a required commodity reserve for use when domestic supplies are so limited that quantities cannot meet the availability criteria under P.L. 480. In addition, if commodities that meet unanticipated needs under Title II of P.L. 480 cannot be made available in a timely manner, the Secretary may release up to 500,000 metric tons of wheat or an equivalent value of eligible commodities, plus up to 500,000 metric tons of eligible commodities that could have been released, but were not released, under this authority in prior fiscal years. Commodities are to be used solely for emergency food assistance in developing countries. As a result of the 1996 Act, the reserve may include rice, corn, and sorghum, as well as wheat. The reserve is established at 4 million metric tons and is replenished through purchases or by designation of commodities owned by CCC. The authority to replenish the reserve expires at the end of fiscal year 2002.

Note 9 - Property and Equipment, Net

Property and equipment is depreciated to its estimated salvage value on a straight-line basis. ADP equipment has a service life of 6 years, while non-expendable administrative property is depreciated over a service life range of 5 to 10 years. The salvage value, as a percentage of acquisition cost, is 10 percent for ADP equipment, and 5 to 20 percent for non-expendable administrative property. Contractor developed software costs are capitalized and depreciated over a period of 5 years, beginning with the first year the software is fully operational. Capitalized software development costs consist of activities associated with the establishment of a new CORE accounting system for CCC, which will be implemented in fiscal year 2000.

Property and equipment as of September 30, 1999, are as follows:

	(In Millions) 1999		
	Acquisition Value	Accumulated Depreciation	Net Book Value
ADP Equipment	$ 113	$ (86)	$ 27
Non-Expendable Administrative Property	26	(15)	11
Capitalized Software Development Costs	4	0	4
Other	*	0	*
Total Property and Equipment	$ 143	$ (101)	$ 42

* Less than $500 thousand

Note 10 - Resources Payable to Treasury

Resources payable to Treasury represents the net resources of the pre-Credit Reform programs. This liability is increased (or decreased) by net gains (or losses) incurred in these funds. In addition, it is reduced by payments to Treasury of excess funds not needed for working capital.

The change in resources payable to Treasury for fiscal year 1999, is as follows:

	(In Millions) 1999
Resources Payable to Treasury - Beginning of Fiscal Year	$ 6,683
Repayment of Excess Funds to Treasury	(1,378)
Net Gain/(Loss) on Liquidating Funds	774
Other	10
Resources Payable to Treasury - End of Fiscal Year	$ 6,089

Note 11 - U.S. Treasury Borrowings

U.S. Treasury borrowings, categorized as interest bearing and non-interest bearing notes, as of September 30, 1999, are as follows:

	(In Millions) 1999
Borrowings - Beginning of Fiscal Year:	
Interest Bearing	$ 8,965
Non-Interest Bearing	9,220
Total Borrowings Outstanding - Beginning of Fiscal Year	18,185
New Borrowings:	
Interest Bearing	21,651
Non-Interest Bearing	878
Total New Borrowings	22,529
Repayments:	
Interest Bearing	(10,431)
Non-Interest Bearing	0
Total Repayments	(10,431)
Interest Refinanced	41
Borrowings - End of Fiscal Year	
Interest Bearing	20,226
Non-Interest Bearing	10,098
Total Borrowings Outstanding - End of Fiscal Year	$ 30,324

The total amount refinanced in fiscal year 1999 was $19,037 million. Of that amount, $18,996 million consisted of outstanding borrowings rolled over. Accrued interest rolled over into notes payable was $41 million.

Interest on borrowings under CCC's permanent indefinite borrowing authority from Treasury is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Monthly interest rates ranged from 4.25 percent to 5.125 percent during fiscal year 1999. Interest expense incurred on these borrowings was $630 million for fiscal year 1999.

The fiscal year 1999 interest rate on long-term borrowings under the permanent indefinite borrowing authority for the foreign assistance programs was 5.81 percent. This is the annual weighted average interest rate computed by OMB and used uniformly by all government entities, unless specific exemptions apply. A quarterly rate is determined by OMB and then a weighted average rate is calculated at year-end and applied retroactively to all borrowings from October 1 of the preceding year.

During fiscal year 1999, the terms for borrowings made for the Export Credit Guarantee programs were at least 10 years, while the repayment terms for borrowings for the P.L. 480 program were 30 years. Interest expense incurred on borrowings associated with these programs amounted to $115 million for fiscal year 1999.

Note 12 - Accrued Liabilities

Accrued liabilities as of September 30, 1999, are as follows:

	(In Millions) 1999
Liabilities Covered by Budgetary Resources	
Federal:	
Reimbursable Agreement Activities	$ 7
Other Accrued Liabilities - Federal	2
Total Federal Accrued Liabilities	$ 9
Non-Federal:	
Loan Deficiency Program	$ 3,780
Accrued Carrying Charges	10
Accrued Funded Payroll and Benefits	7
Environmental Quality Incentives Program	3
Dairy Export Incentive Program	1
Crop Loss Disaster Program	1
Other Programs	11
Subtotal	$ 3,813
Liabilities not Covered by Budgetary Resources	
Non-Federal:	
Conservation Reserve Program	$ 1,477
Total Non-Federal Accrued Liabilities	$ 5,290

Note 13 - Deposit and Trust Liabilities

Deposit and trust liabilities are amounts advanced to or deposited with CCC, on behalf of other entities. The balances, categorized as Federal and non-Federal, as of September 30, 1999, are as follows:

	(In Millions) 1999
Federal:	
Farm Loan Program for Farm Service Agency	$ 11
Advances from Agricultural Marketing Service and Food and Nutrition Service	364
Peanut Marketing Assessments	30
Service Charges Withheld for Farm Service Agency	17
Animal Plant and Health Inspection Service - Karnal Bunt	3
Other	9
Total Federal Deposit and Trust Liabilities	$ 434
Non-Federal:	
No Net Cost Tobacco	$ 491
Other	56
Total Non-Federal Deposit and Trust Liabilities	$ 547

Note 14 - Excess Subsidy Payable

Excess subsidy payable as of September 30, 1999, is as follows:

	(In Millions) 1999
Export Credit Guarantee Programs	$ 720
P.L. 480 Programs	174
Total Excess Subsidy Payable	$ 894

The excess subsidy represents Credit Reform negative subsidy re-estimates.

Note 15 - Other Liabilities

Other liabilities as of September 30, 1999, are as follows:

	(In Millions) 1999
Non-Federal:	
Deferred Tobacco Marketing Assessment Income	$ 7
Other	4
Total Non-Federal Other Liabilities	$ 11

There were no amounts recorded for other liabilities considered to be non-current.

Note 16 - Contingencies and Commitments

CCC has commitments and contingencies as discussed below which are not otherwise reflected on the financial statements. Sales and other disposition commitments are not reflected in the accounts, but are considered in establishing allowances for doubtful accounts.

The 1996 Act replaced acreage reduction programs with production flexibility contract payments. These payments are made on a fixed payment schedule over 7 years. CCC paid $5 billion during fiscal year 1999, with $13 billion remaining to be paid over the next 3 years.

Under WRP, CCC purchases easements, based on agricultural value, to restore wetlands that have previously been drained and converted to agricultural uses, to protect or enhance wetlands on the owner's property. WRP also provides an opportunity for landowners to receive cost-share payments to restore, protect, or enhance a wetland without selling an easement. Program expenses for the fiscal year ended September 30, 1999, were $156 million. At September 30, 1999, CCC's estimated future liabilities are $150 million.

The Noninsured Crop Assistance Program (NAP) was authorized as a CCC program under the 1996 Act and is a standing crop disaster aid program for crops that are not covered by catastrophic risk protection crop insurance. Program expenses for the fiscal year ended September 30, 1999, were $54 million. It is estimated that CCC's annual payments for this program could range from $90 million to $140 million.

Commitments to acquire commodities represent the contract value of commodities not yet delivered under CCC purchase contracts. Commodity contracts amounted to $291 million at September 30, 1999.

The Dairy Export Incentive Program is authorized under the Food Security Act of 1985, to facilitate the export of U.S. dairy products. Under this program, CCC pays the exporter a bonus, when necessary, to enable an exporter to sell the product at a competitive world price. Program expenses were approximately $69 million for fiscal year 1999. On September 30, 1999, CCC estimated its future liabilities to be $69 million, of which $1 million was due and payable.

The Corporation formerly operated approximately 4,500 grain storage facilities in the United States. To date, at approximately 120 of these facilities, Carbon Tetrachloride (a fumigant commonly used at grain storage facilities during that time) was discovered in groundwater. As of September 30, 1999, the Environmental Protection Agency has designated CCC the potentially responsible party for ground water contamination near 4 of the former 120 CCC grain storage locations. CCC is undertaking site investigations at these and other former locations. USDA roughly estimates the total cost of this effort (including site inspection and cleanup, as well as operations and maintenance) to be $34 million for the fiscal years 2000 through 2003. Of this amount, the Department is expected to provide funding of $14 million under the ongoing Department-wide hazardous waste management program. However, this amount is contingent on the amount actually appropriated to the USDA hazardous waste fund and subsequently allotted to CCC. Potential costs are extremely difficult to estimate until site investigations are completed. CCC intends to monitor the cost estimate and make revisions as necessary.

The Market Access Program was authorized by the Agriculture Trade Act of 1978, as amended, to encourage the development, maintenance, and expansion of commercial export markets for agricultural commodities through cost-share assistance to eligible trade organizations that implement a foreign market development program. CCC makes funds available to reimburse program participants for authorized promotional expenses. Program expenses for the fiscal year ended September 30, 1999, were $114 million. At September 30, 1999, CCC estimated its future liabilities could range up to $150 million.

Through CRP, participants sign 10-15 year contracts to remove land from production in exchange for an annual rental payment. The participants also receive a one-time payment equal to not more than 50 percent of the eligible costs of establishing conservation practices on the reserve acreage. CCC estimates that the future liability for CRP annual rental payments through fiscal year 2010 is $19 billion. This estimate is based on current program levels with the assumption that expiring lands are re-enrolled or replaced with lands of equal value. At September 30, 1999, accrued payments totaled $1,477 million.

The following is a schedule of future minimum rental payments required under FSA operating leases for which CCC is directly liable. The leases can be canceled after a period not to exceed 120 days.

Fiscal Year ended September 30	(In Millions)
2000	$ 2
2001	1
2002 and thereafter	*
Total	$ 3

* Less than $500 thousand

Allocated rent expense net of reimbursements received on these leases was $60 million for fiscal year 1999.

In the normal course of business, CCC becomes involved in legal disputes and claims for action against the Corporation. CCC, through the Office of the General Counsel, is vigorously defending these actions. In the opinion of CCC, claims and litigations asserted against the Corporation as of September 30, 1999, will have no material effect on the financial statements.

Note 17 - Unexpended Appropriations

Unexpended appropriations of the Corporation as of September 30, 1999, are as follows:

	(In Millions) 1999
Undelivered Orders	$ 1,005
Unobligated:	
Available	1,148
Unavailable	102
Total Unexpended Appropriations	$ 2,255

Note 18 - Disclosures Not Related to a Specific Statement

Related Party Transactions

CCC's domestic programs are carried out primarily through FSA personnel. CCC makes disbursements for many FSA programs, which are funded through allocation transfers from FSA. During fiscal year 1999, FSA transferred to CCC $630 million to cover checks written or electronic payments by CCC in the approximate amount of $675 million.

The Corporation also provides and uses the services of other USDA agencies to carry out its authorities and responsibilities. AMS and the Food and Nutrition Service (FNS) fund the purchase of some commodities. In addition, AMS funds the purchase of commodities for the purpose of facilitating additional sales in world markets at competitive prices. As of September 30, 1999, the related deposit and trust liability for AMS and FNS was $364 million.

CCC donates commodities for use under domestic feeding programs administered by FNS. The value of commodities donated for these domestic purposes, including related transportation and storage costs, for the fiscal year ended September 30, 1999, was $28 million.

CCC transferred $4 million to FAS and an additional $1 million to FSA during fiscal year 1999 for salaries and expenses to cover the administrative costs of the credit reform programs.

During fiscal year 1999, outlays under reimbursable agreements with other USDA agencies amounted to $32 million. Interagency accruals, reflecting probable outlays for expenses incurred but not yet paid as of September 30, 1999, on reimbursable agreements amounted to $7 million.

Amounts held on behalf of the Federal Crop Insurance Corporation for NAP and catastrophic insurance administrative fees collected totaled $1 million as of September 30, 1999.

During the fiscal year ended September 30, 1999, the Corporation transferred $143 million to the Animal and Plant Health Inspection Service (APHIS) for the eradication of animal and plant diseases. The related deposit and trust liability to cover payments for karnal bunt on behalf of APHIS was $3 million as of September 30, 1999.

CCC transferred $20 million to NRCS for the administration of WHIP and also paid $27 million to NRCS for technical assistance for CRP and $33 million for technical assistance for EQIP.

In addition, CCC transferred $1 million to the Forest Service for Emergency Program Activities.

Custodial Activity

Custodial activity for the fiscal year ended September 30, 1999, is as follows:

	(In Millions)
	1999
Sources of Collection:	
Repayment of Farm Credit Loans	$ 2,483
Warehouse Fees	3
Assessments and Penalties	*
Administrative and Other Service Fees	19
Total Revenue Collected	2,505
Disposition of Collection:	
Farm Service Agency	2,482
Amounts Retained by CCC	23
Total Disposition of Revenue	2,505
Net Custodial Activity	$ 0

* Less than $500 thousand

Subsequent Events

Subsequent to the close of the fiscal year, activities occurred that may affect the interpretation of the financial results of the period ending September 30, 1999, as discussed below.

The U.S. and the Indonesian government rescheduled bilateral agreement was entered into force on October 22, 1999, rescheduling certain P.L. 480 debt of $100 million.

The U.S. and Jordan rescheduled bilateral agreement was signed on October 17, 1999, and entered into force on December 13, 1999. The rescheduling includes $2 million of CCC debt.

The U.S. and Pakistan rescheduled bilateral agreement was signed on November 26, 1999, and will be reviewed by Congress. The rescheduling includes approximately $283 million in CCC debt and $182 million of P.L. 480 debt.

During November 1999, CCC met with representatives from Vozrazhdenie Bank, Russia, to discuss their ability to repay $5 million in claims paid by CCC for defaults by their bank. An agreement was reached with the bank to repay the $5 million in quarterly installments between 2000 and 2004. All accrued interest will be paid in quarterly installments in 2005.

Paris Club Events:

The U.S. Government participated in a new rescheduling of Russia debt on August 1, 1999. Signature of the bilateral agreement is pending. The rescheduling includes approximately $320 million in CCC debt.

The U.S. Government participated in a new rescheduling of Zambia debt on April 16, 1999. The Paris Club agreement was not put in force until October 25, 1999, which has delayed the presentation of the U.S. bilateral agreement to the Zambia government. The rescheduling includes $18 million of P.L. 480 debt.

Note 19 - Disclosures Related to the Statement of Changes in Net Position

Prior period adjustments as of September 30, 1999, are as follows:

	(In Millions) 1999
Receivable from Appropriations - Export Credit Guarantee Programs	$ 1,358
Receivable from Appropriations - P.L. 480 Programs	60
Liability for Federal Employees Compensation Act	(57)
Total Prior Period Adjustments	$ 1,361

Due to the implementation of SFFAS No. 7, Accounting for revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, the Corporation can no longer record an accrued receivable from appropriations when recognizing upward re-estimates in the Program account for Credit Reform activities. Appropriated capital is recognized in the subsequent year when CCC receives the appropriation from Congress.

CCC no longer recognizes imputed costs for the FECA liability from FSA in accordance with the SFFAS No. 5, Accounting for Liabilities of the Federal Government, for liabilities associated with cost allocations to benefitting organizations.

Note 20 - Earned Revenue

Earned revenue as of September 30, 1999, is as follows:

	(In Millions) 1999
Earned Revenue from Non-Federal Parties:	
Interest Revenue	$ 467
Commodity Operations	119
Farm Income Support	5
P.L. 480	3
Other Program Revenue	6
Total Earned Revenues from Non-Federal Parties	600
Earned Revenue from Federal Parties	146
Total Earned Revenue	$ 746

Subsidy expense is the present value of net cash flows related to Credit Reform direct credit and credit guarantee programs. One of the cash inflow elements included in the calculation of subsidy expense is interest revenue. During fiscal year 1999, interest revenue from Credit Reform direct credit and credit guarantee programs was $398 million.

Note 21- Disclosures Related to the Statement of Budgetary Resources

The Statement of Budgetary Resources is a combining statement and, as such, intra-entity transactions have not been eliminated.

The net amount of budgetary resources obligated for undelivered orders as of September 30, 1999, is $2,396 million.

The amount of available borrowing authority as of September 30, 1999, is $1,288 million.

The majority of the $11,714 million adjustments represent redemption of debt or the amount of principal repayments paid to the Treasury on CCC's outstanding borrowings. The majority of the remaining balance represents the actual recoveries of prior year obligations.

CCC has a permanent indefinite borrowing authority, as defined by OMB Circular A-11, Preparation and Submission of Budget Estimates, of $30 billion. The Corporation's borrowing authority is made up of both interest and non-interest bearing notes. These notes are drawn upon daily when disbursements exceed deposits, as reported by the FRB's, their branches and CCC's financing office. When deposits exceed disbursements, CCC makes repayments on its notes. Deposits (financing sources) flowing through CCC's revolving fund include proceeds from the sale of CCC commodities, loan repayments, interest income and various program fees. CCC's notes payable under its permanent indefinite borrowing authority have a term of one year. On January 1 of each year, CCC refinances its outstanding borrowings, including accrued interest, at the January borrowing rate.

CCC may borrow interest-free up to the amount of its unreimbursed realized losses. For interest-bearing notes, interest is accrued at a rate based upon the average interest rate of all outstanding U.S. marketable obligations of comparable maturity date as of the preceding month.

CCC has a separate permanent indefinite borrowing authority for the P.L. 480 programs and export credit guarantee programs to finance disbursements on post-Credit Reform direct credit obligations and credit guarantees. In accordance with Credit Reform, CCC borrows from Treasury on October 1, for the entire fiscal year, based on annual estimates of the difference between the amount appropriated (subsidy) and the amount to be disbursed to the borrower. CCC may repay under this agreement, in whole or in part, prior to maturity by paying the principal amount of the borrowings plus accrued interest to the date of repayment. CCC is required to pay interest to Treasury on the last day of the fiscal year, based on the outstanding balance of borrowings in each financing fund. Interest is paid on these borrowings based on weighted average interest rates for the cohort to which the borrowings are associated. CCC earns interest from Treasury on the daily balance of uninvested funds in the Credit Reform financing funds. The interest income is used to reduce interest expense on the underlying borrowings.

No adjustments were made during the reporting period to budgetary resources available at the beginning of the year.

Under Credit Reform, CCC receives an annual appropriation to fund subsidy costs incurred under the P.L. 480 programs and export credit guarantee programs. In addition, CCC has permanent indefinite appropriation authority available to finance any disbursements incurred under the liquidating accounts that are not covered by sufficient working capital.

Unobligated budget authority is the difference between the obligated balance and the total unexpended balance and represents that portion of the unexpended balance unencumbered by recorded obligations. An appropriation expires on the last day of its period of availability and is no longer available for new obligations. Unobligated balances retain their fiscal year identity in an "expired account" for that appropriation for an additional five fiscal years. The unobligated balance remains available to make legitimate obligation adjustments, i.e., to record previously unrecorded obligations and to make upward adjustments in previously under-recorded obligations.

CCC's borrowing authority under its revolving fund is indefinite and, therefore, no unobligated balance carries forward to the following year, except for any federal receivables and unfilled customer orders.

The Statement of Budgetary Resources agrees with the SF-133, Report on Budget Execution.

No contributed capital was received during the reporting period.

Note 22 - Disclosures Related to the Statement of Financing

The following provides a description of the "Other" categories on the Statement of Financing.

	(In Millions) 1999
Other Non-Budgetary Resources:	
Non-Exchange Revenues:	
Fees	$ *
Fines/Penalties	2
Assessments	59
Miscellaneous	1
Total Other Non-Budgetary Resources	$ 62
Other Net Cost Components Not Requiring or Generating Resources During the Reporting Period:	
Excess Subsidy Expense	
PL 480	$ (119)
Export Credit Guarantees	(563)
Total Other Net Cost Components Not Requiring or Generating Resources During the Reporting Period	$ (682)

* Less than $500 thousand